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Initiatives taken following the Howard and Chin espionage cases include the following:

A. Applicants

- ° In terms of processing new applicants, procedures have been refined so that there is greater sharing of information among the components responsible for applicant screening (Office of Security, Office of Medical Services, Office of Personnel).

- ° Regardless of the duration of drug abstinence, poly-drug use in itself is being more critically viewed in the adjudication process.

- ° Security clearance approvals in completely clear cases now require three supervisory levels of approval for finalization, as opposed to two levels previously.

- ° The utilization of the Applicant Review Panel has increased in consideration of borderline suitability cases.

- ° Consultation with the Office of Medical Services has increased on borderline cases suggesting possible psychological impairment.

- ° Signs of immaturity, suggesting revenge potential, developed during the investigative process, are being more critically viewed in the adjudication process.

- ° The number of cases referred to the counterintelligence office (SAD) has increased; particularly contract cases denied staff status.

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WARNING NOTICE  
INTELLIGENCE SOURCES  
OR METHODS INVOLVED



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THE WHITE HOUSE  
WASHINGTON

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Executive Registry

87-0909X

March 2, 1987

MEMORANDUM FOR THE HONORABLE GEORGE P. SHULTZ  
The Secretary of State

THE HONORABLE CASPAR W. WEINBERGER  
The Secretary of Defense

THE HONORABLE EDWIN MEESE, III  
The Attorney General

THE HONORABLE ROBERT M. GATES  
The Acting Director of Central Intelligence

THE HONORABLE WILLIAM H. WEBSTER  
The Director, Federal Bureau of Investigation

THE HONORABLE ANNE L. ARMSTRONG  
The Chairman, President's Foreign Intelligence  
Advisory Board

LIEUTENANT GENERAL WILLIAM E. ODOM  
Director, National Security Agency

SUBJECT: Enhancing Counterintelligence and Security in  
the wake of the Howard Espionage Case (U)

As a result of the defection and redefection of Vitaly Yurchenko and the subsequent revelations of espionage committed by former CIA clandestine officer Edward Lee Howard, serious questions arose about the adequacy of U.S. efforts to meet the challenges posed to our national security by the hostile intelligence threat. Accordingly, in November 1985 the President signed NSDD 199 directing a White House review by the President's Foreign Intelligence Advisory Board (PFIAB) of the intelligence community's performance regarding several matters arising from the Yurchenko defection. With regard to the Howard espionage case, the review included:

- Determination of the adequacy of U.S. counterintelligence capabilities in this case, and implications of this case for improving U.S. capabilities to counter the hostile intelligence threat.

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- An assessment of the damage to intelligence sources and methods resulting from Howard's espionage activities.
- An assessment of the adequacy of intelligence personnel recruitment, training, and security procedures as they relate to the Howard case. (S)

The results of this review were presented to the President on October 2, 1986, at which time he directed the following actions be implemented:

- First, CIA should conduct a review of its personnel selection and evaluation criteria for both hiring and assignment purposes. This review should focus attention on those personality factors and forms of personal behavior such as drug use, alcohol abuse, or other aberrant activities which might suggest that a person is unsuitable for sensitive assignments. To the extent possible, CIA should insist that an operations officer serve an interim assignment with a division before that division accepts that person in a permanent capacity for a sensitive position or posting abroad.
- Second, former as well as current employees of every agency and component of the intelligence community have the potential to inflict extensive damage to the national security if they commit espionage. As a result of the Howard espionage case, CIA has developed a number of useful recommendations for handling problems involving both current and former employees. The DCI should direct the CIA to share these newly revised post-Howard personnel and security measures with the entire intelligence community in order to determine their applicability to other agencies. Each agency in the intelligence community should then review the measures as to their suitability for application. Subsequently, each agency should report back to the DCI regarding the degree to which the new measures have been implemented.
- Third, it is essential that the CIA as well as other elements of the intelligence community immediately refer to the FBI information which indicates the possibility of espionage activity by one of their employees. This did not occur in the Howard espionage case. A new mechanism consisting of operational and field level personnel should be established between the CIA and FBI to formalize a routine procedure for exchanging sensitive counterintelligence and counterespionage information in a timely manner. Further, the FBI should establish similar mechanisms with NSA, the Department of State and other key agencies of the intelligence community. (S)

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Implementation of these activities should be afforded senior level management attention by the intelligence community. Additionally, the PFIAB is requested to monitor and report semi-annually to the President on the progress toward accomplishing these directives.  
(U)

FOR THE PRESIDENT:



Frank C. Carlucci

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